

# Investment Programs and Sales Expectations for 1971

Businessmen as a group are scheduling rising outlays for new plant and equipment during 1971. For the year as a whole, they expect to spend 4.3 percent more than in 1970. Expectations by industry groups, however, show a mixed pattern with most of the increase scheduled by nonmanufacturing industries. Businessmen generally expect larger sales advances this year than in 1970.

**B**USINESSMEN are budgeting outlays of \$83.1 billion for new plant and equipment in 1971, according to the survey conducted in late January and February by the Office of Business Economics and the Securities and Exchange Commission.<sup>1</sup> The 1971 expectation is 4.3 percent above the \$79.7 billion spent in 1970, compared with actual increases of 5.5 percent in 1970 and 11.5 percent in 1969.

The sales expectations reported with the investment expectations indicate that businessmen generally expect larger sales advances this year than in 1970. The increase of 7½ percent by manufacturers compares with a 1½ percent rise in 1970. At this time a year ago, they looked to a 6 percent gain for 1970. Retailers look for an 8 percent advance in sales this year against a 4 percent increase in 1970. Wholesalers

expect a 4 percent increase, the same as last year's. Utilities expect a strong rise of 10½ percent in revenues this year, somewhat larger than last year's advance.

Investment expectations for 1971 by industry groups show more of a mixed pattern than they did a year ago when most industries were scheduling increases. Many industries are now programming declines in expenditures for new plant and equipment in 1971 and only about a half dozen major industry groups are expecting a larger year-to-year expansion or are scheduling smaller cutbacks than those achieved from 1969 to 1970.

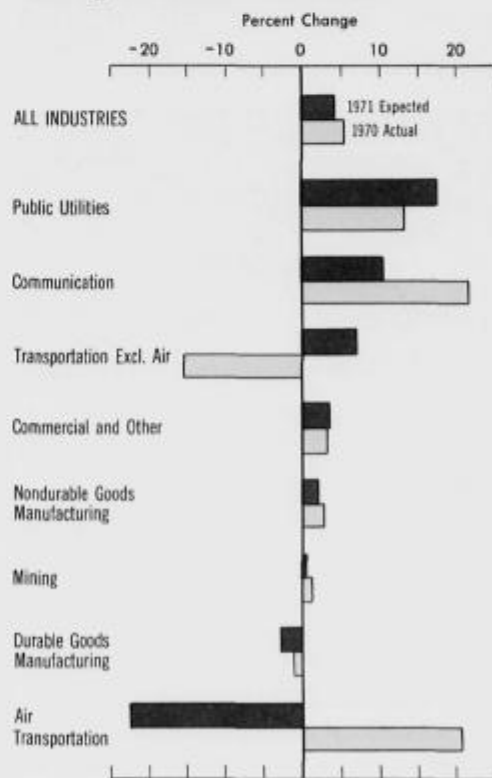
Reductions are planned by airlines and many manufacturing industries. The airlines expect to cut spending more than 20 percent from the 1970 figures; more moderate reductions are planned by manufacturers of primary metals, transportation equipment, textiles, paper, and rubber. Industries currently scheduling appreciable increases include petroleum (6 percent) communications (10 percent) transportation other than railroads and air carriers (13 percent), and electric utilities (22 percent).

Expenditures in the fourth quarter were 4 percent below the third; the decline, which was widespread, was due in part to reduced purchases of motor vehicles during the General Motors strike. Spending in the first quarter is expected to be at a seasonally adjusted annual rate of \$80.6 billion, up \$2 billion from the fourth quarter. Spending is scheduled to move to a rate of \$82.5 billion in the second quarter and to a rate of \$84.4 billion in the second half. The first quarter rise centers in

public utilities and the communications-commercial group, but the expected increases later in the year are fairly widespread.

Spending in the fourth quarter was at an annual rate of nearly \$3 billion, or 4 percent, lower than expected in the survey taken last November. The shortfall was of the same relative magnitude in both the manufacturing and non-manufacturing sectors. The current expectation for the first quarter is 1 percent below the expectation as of last

CHART 9  
Changes in Business Investment



Data: OBE-SEC  
U.S. Department of Commerce, Office of Business Economics 71-3-8

<sup>1</sup> The expectations figures have been adjusted for systematic biases (footnote 2, table 6). Before adjustment, 1971 expenditures were expected to be \$81.33 billion for all industries, \$31.71 billion for manufacturing, and \$49.62 billion for nonmanufacturing. The adjustments were applied separately to each major industry; their net effect was to raise the manufacturing total by \$0.15 billion and the nonmanufacturing total by \$1.66 billion.

November, with the reduction centering in manufacturing. However, the expectation for the second quarter has been revised up 1 percent.

### Realization of 1970 programs

The year 1970 was one of successive cutbacks in investment programs. At this time last year, businessmen expected spending to rise nearly 10 percent from 1969 to 1970, with both manu-

facturing and nonmanufacturing showing increases of about that size. As the year progressed, however, the investment expectations of the two industry groups diverged.

As industrial production continued to decline and sales fell below expectations, manufacturers made successive reductions in investment plans; the sharpest reduction occurred between the February and May surveys. In both the

durable and nondurable goods groups, expenditures turned out to be well below earlier expectations. Three industries ran mildly counter to the trend: motor vehicle producers cut expenditures a little less sharply than they had originally planned and food and paper producers increased expenditures in line with their February projections.

In the nonmanufacturing group, there were offsetting adjustments among component industries in the realization of 1970 investment programs. Airline, communication, and mining firms raised their investment sights during the year. Public utilities and commercial firms spent a little less than initially planned, while railroads and other non-air transportation carriers made substantial cutbacks in their programs.

### Manufacturing Investment Programs

Manufacturers plan to spend \$31.9 billion on new plant and equipment in 1971, fractionally less than in 1970. Durables producers project a 2.5-percent decline and nondurables producers a 1.9-percent rise. Both groups

Table 1.—Plant and Equipment Expenditures, Annual Percent Changes 1967-71

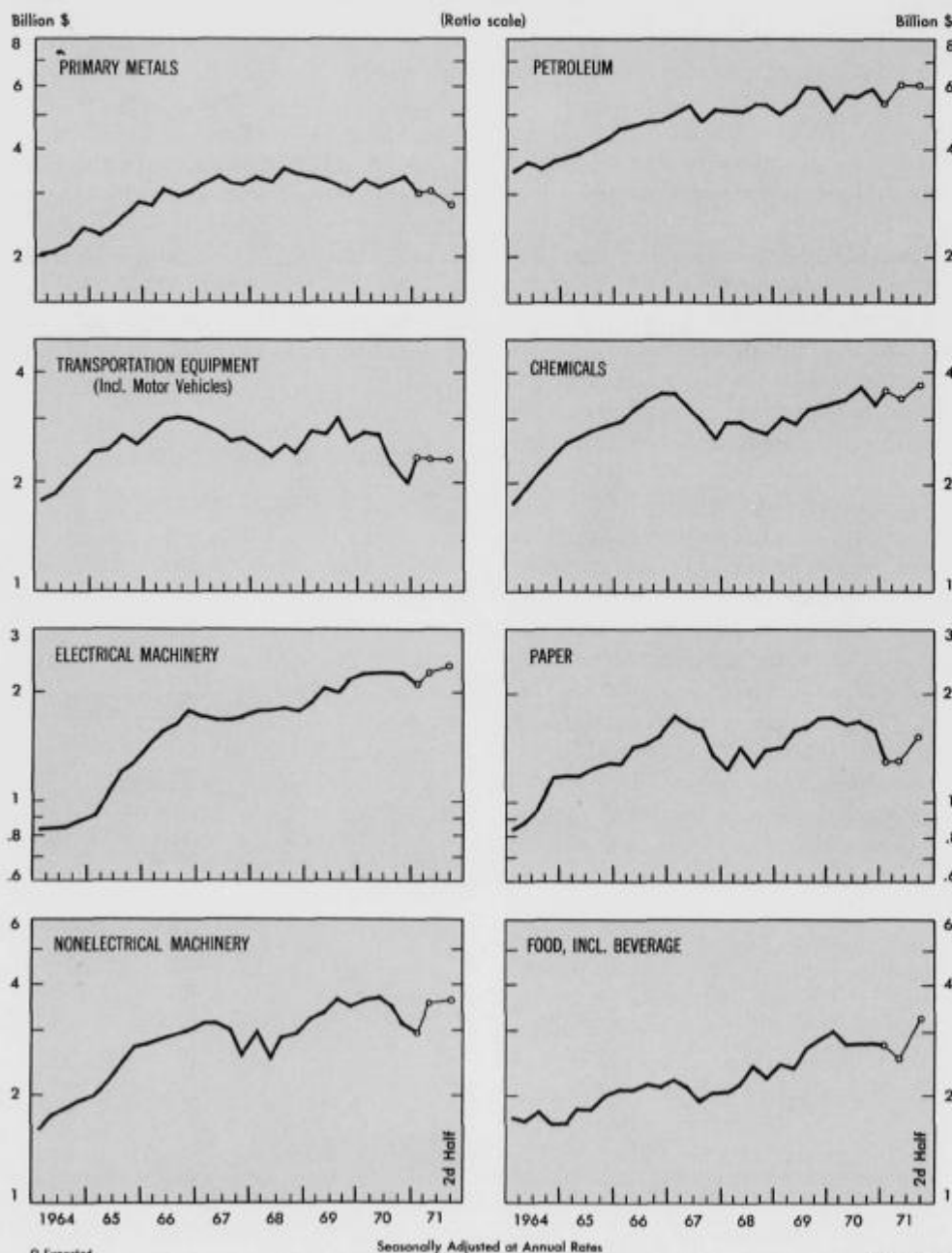
	Actual				Expected
	1967	1968	1969	1970	
All industries <sup>1</sup> .....	3.1	3.5	11.5	5.5	4.3
Manufacturing <sup>1</sup> .....	1.1	—5	11.7	.8	—3
Durable goods <sup>1</sup> .....	.1	.4	13.0	—1.0	—2.5
Primary metals.....	9.0	3.6	—3.8	.3	—10.5
Electrical machinery.....	5.0	4.5	14.4	11.6	1.2
Machinery except electrical.....	2.4	—3.5	21.1	1.0	—1.0
Transportation equipment.....	—8.0	—8.8	11.5	—12.2	—3.8
Stone, clay, and glass.....	—16.7	—10.7	24.0	—7.6	4.7
Nondurable goods <sup>1</sup> .....	2.2	—1.4	10.3	2.8	1.9
Food including beverage.....	—6	5.9	17.5	9.6	4.0
Textile.....	—17.6	—21.5	18.0	—11.3	—4.8
Paper.....	9.2	—15.4	19.9	4.4	—14.7
Chemical.....	—6.1	—7.6	9.4	11.0	5.3
Petroleum.....	8.0	3.2	7.3	—2	5.9
Rubber.....	14.2	46.3	11.2	—13.7	—16.5
Nonmanufacturing.....	4.7	6.6	11.4	8.8	7.4
Mining.....	2.0	—1.4	14.2	1.4	.5
Railroad.....	—21.7	—22.0	28.5	—4.6	2.6
Air transportation.....	31.4	12.0	—2.1	20.7	—22.4
Other transportation.....	—10.0	7.4	6.2	—27.2	13.4
Public utilities.....	17.7	16.6	13.9	13.2	17.5
Communication.....	5.3	7.6	21.6	21.6	10.3
Commercial and other.....	.8	3.7	6.0	3.4	3.8

<sup>1</sup> Includes industries not shown separately.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

CHART 10

### Manufacturers' Expenditures for New Plant and Equipment



expect some increase in second half spending over the first half.

Within the durable goods group, major cutbacks are programed by producers of steel, nonferrous metals, and aircraft. The primary metal producers, whose spending was little changed from 1969 to 1970, project a 10-percent decline this year. In the case of the aircraft producers, expectations are for a third consecutive year of retrenchment.

Electrical machinery, nonelectrical machinery, and motor vehicle manufacturers plan spending in 1971 little different from last year. In 1970, electrical machinery producers had increased outlays 12 percent but spending by the other two industries had shown no growth. The stone, clay, and glass group (primarily suppliers of building materials) plans to increase spending moderately this year.

Among nondurables, the chemical, petroleum, and food industries expect to spend about 5 percent more in 1971 than in 1970. Spending by the food and chemical industries expanded substantially in both 1969 and 1970. Petroleum firms' outlays were unchanged in 1970 after a moderate rise in 1969. Their expected 1971 increase centers in crude production and transportation facilities (see table 3).

A number of the industries in the nondurables group plan cutbacks. Paper

**Table 2.—Business Sales, Annual Percent Changes 1970 and 1971**

	1970		1971 Ex- pected
	Ex- pected	Actual	
<b>Manufacturing industries<sup>1</sup>.....</b>	<b>6.4</b>	<b>1.5</b>	<b>7.6</b>
Durable goods <sup>1</sup> .....	6.7	-9	8.0
Primary metals.....	4.6	-2	7.5
Electrical machinery.....	8.3	9	7.1
Machinery except electric.....	9.8	1.4	6.8
Transportation equipment.....	3.7	-5.7	8.5
Stone, clay, and glass.....	5.2	3.7	10.9
Nondurable goods <sup>1</sup> .....	6.0	4.6	7.0
Food including beverage.....	4.1	7.4	4.8
Textile.....	4.4	-9	7.8
Paper.....	7.6	4.9	11.0
Chemical.....	8.0	1.9	7.6
Petroleum.....	6.2	6.0	8.9
Rubber.....	7.6	8.6	8.4
<b>Trade.....</b>	<b>6.8</b>	<b>3.9</b>	<b>6.5</b>
Wholesale.....	4.7	4.2	4.3
Retail.....	8.2	3.6	8.0
<b>Public utilities.....</b>	<b>7.7</b>	<b>9.9</b>	<b>10.4</b>

1. Includes industries not shown separately.

Source: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

manufacturers plan to spend 15 percent less this year than last. Their expenditures have followed an irregular pattern—a moderate 4-percent gain in 1970, a

**Table 3.—Petroleum Industry Expenditures for New Plant and Equipment by Function, Actual and Expected 1969-71**

	Actual		Ex- pected 1971	Percent change 1970-71
	1969	1970		
	(Billions of dollars)			
<b>Total.....</b>	<b>5.63</b>	<b>5.62</b>	<b>5.95</b>	<b>5.9</b>
Production.....	2.63	2.16	2.24	3.7
Transportation.....	.28	.40	.50	25.6
Refining and petrochemicals.....	1.31	1.40	1.46	4.6
Marketing.....	.94	1.11	1.02	-8.1
Other.....	.46	.56	.73	31.8

1. The reported figures for expectations are adjusted for systematic biases when necessary; adjustments are applied separately to expenditures for each function. Before adjustment expenditures for 1971 were expected to be \$6.23 billion, the net effect of the adjustment for this year was to lower the total by \$0.28 billion.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

20-percent gain in 1969, and a 15-percent cut in 1968. Textile and rubber companies plan to continue the reductions initiated last year.

### Starts of projects decline

The value of investment projects started by manufacturers, which has been declining since late 1969, fell again in the fourth quarter of 1970. Starts dropped 5 percent to a seasonally adjusted quarterly rate of \$6.9 billion, nearly 25 percent below the high recorded in the third quarter of 1969. For 1970 as a whole, starts amounted to \$29.2 billion or \$5 billion less than in 1969.

The fourth quarter decline was entirely in the durable goods group, where the drop amounted to 17 percent. An extremely sharp decrease was reported by primary metal companies, with other durable goods industries, except electrical machinery, showing declines or little change. Starts by electrical machinery producers increased substantially but were still well below the high reached in the third quarter of 1969. Total starts by durable goods producers were \$14 billion in 1970 compared with \$16.8 billion in 1969.

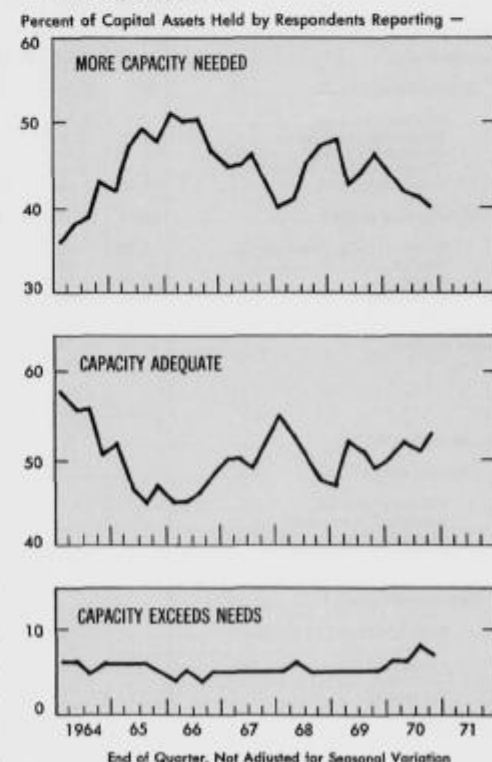
Starts by nondurable goods producers rose moderately to \$4 billion in the fourth quarter but were nevertheless nearly 10 percent below the high reached a year earlier. The increase was attributable to a very strong showing by the paper group and a moderate rise for chemicals. Starts by nondurable goods producers totaled \$15.1 billion in 1970, compared with \$17.2 billion in 1969.

Carryover of manufacturers' investment projects, i.e., expenditures still to be incurred on projects already underway, totaled \$21.2 billion at the end of December 1970, \$800 million less than at the end of September and \$2.5 billion less than a year earlier. The yearend carryover was equal to a rate of 2.74 quarters of expenditures at the fourth quarter's seasonally adjusted rate. This compares with 2.93 quarters a year earlier.

Durable goods manufacturers reported a further decline in carryover in the fourth quarter, to \$11 billion at yearend. This was \$800 million below

CHART 11

### Manufacturers' Evaluation of Existing Capacity\*



\*Relative to prospective operations during the ensuing 12-month period.

Data: OBE:SEC

U.S. Department of Commerce, Office of Business Economics

71-3-11



September and \$1.7 billion below December 1969. Carryover by nondurable goods manufacturers held steady in the fourth quarter at \$10.2 billion, down \$0.8 billion from December 1969.

#### Capacity evaluation, yearend 1970

Manufacturers' yearend evaluation of the adequacy of their facilities indicated a slight reduction from 3 months earlier in the need for more facilities. Companies owning 40 percent of fixed assets in manufacturing reported that they needed more facilities, as against 41 percent in September and 46 percent at the end of December 1969. A record of 51 percent was recorded in March 1966. The decline during 1970 occurred in both durables and nondurables. Contrary to the general trend, the petroleum industry recorded a substantial increase during the year in the proportion of facilities regarded as inadequate.

The proportion of durable goods producers reporting inadequate facilities decreased to 31 percent at the end of December from 33 percent in September and 39 percent a year earlier. Declines during the fourth quarter were pervasive through the durable goods industries but were particularly sharp in primary metals. The "inadequate" proportion for nondurables manufacturing rose modestly in the quarter, with the increases centered in the chemical industry.

Companies reporting plant and equipment in excess of current and near-term need accounted for 7 percent of fixed assets at the end of December, compared with 8 percent at the end of September and 5 percent at the end of 1969. Facilities viewed as "about adequate" for 1971 production requirements represented 53 percent of manufacturers' fixed assets as of December 31, up from September and from a year earlier.

### Nonmanufacturing Investment

The nonmanufacturing group of industries project a rise of 7½ percent in 1971 capital expenditures as compared with a 9-percent increase in 1970.

Spending by the public utilities has shown the strongest growth in the non-manufacturing group in recent years and is setting the pace for 1971 as well. Outlays of \$15.4 billion are planned—an increase of \$2.3 billion, or 17½ percent, over 1970. Spending increased about 13 percent in both 1969 and 1970.

As in 1970, the growth this year centers in electric power companies, which expect to spend \$13 billion as against \$10.6 billion in 1970; gas and other utilities expect a cutback to \$2.4 billion from \$2.5 billion last year. Both groups expect a slight rise in expenditures in the second half of 1971. Data from *Electrical World* indicate that two-thirds of the proposed increase in spend-

Table 4.—Starts and Carryover of Plant and Equipment Projects, Manufacturing and Public Utilities—1968-70

(Billions of dollars)

	Starts <sup>1</sup>												Carryover <sup>2</sup>							
	Annual			1969				1970					1969				1970			
	1968	1969	1970	I	II	III	IV	I	II	III	IV	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.	
Manufacturing <sup>3</sup> .....	29.84	24.07	25.18	8.39	8.72	8.06	8.89	8.84	9.92	8.54	7.69	31.77	22.66	22.67	22.26	22.76	22.51	21.06	19.49	
Durable goods <sup>4</sup> .....	14.86	10.86	14.04	4.19	4.30	4.03	4.32	4.42	3.27	3.13	3.12	11.39	11.70	11.70	11.43	12.27	11.80	10.82	9.67	
Primary metals.....	3.21	2.00	2.56	.74	.09	.75	.75	.06	.54	.03	.42	4.02	2.00	3.85	1.70	2.67	3.43	3.54	3.02	
Electrical machinery.....	1.81	2.80	2.18	.51	.08	.75	.77	.82	.41	.30	.60	1.46	1.04	1.80	2.02	2.36	2.21	2.01	1.93	
Machinery except electrical.....	2.74	3.00	3.20	.89	.05	.77	.80	.84	.86	.08	.01	1.18	1.28	1.18	1.10	1.17	1.10	.94	.97	
Transportation equipment <sup>4</sup> .....	2.94	2.00	2.04	.73	.87	.66	.41	.78	.69	.30	.34	2.84	3.08	2.80	2.00	2.78	2.08	2.43	2.21	
Stone, clay, and glass.....	1.09	1.08	.82	.36	.23	.31	.18	.32	.13	.22	.15	.73	.00	.73	.09	.79	.56	.50	.46	
Nondurable goods <sup>5</sup> .....	15.05	12.22	15.14	4.30	4.41	4.03	4.48	4.21	3.44	3.41	3.07	10.29	10.06	10.87	10.82	11.48	10.05	10.24	9.81	
Food including beverage.....	2.32	2.07	2.60	.50	.32	.00	.77	.00	.65	.00	.58	1.20	1.48	1.40	1.53	1.63	1.44	1.22	1.10	
Textile.....	.59	.60	.40	.14	.10	.14	.14	.10	.16	.10	.08	.30	.33	.30	.37	.30	.31	.27	.21	
Paper.....	1.42	1.50	1.54	.40	.35	.40	.32	.33	.33	.18	.45	1.33	1.18	1.22	1.08	1.20	1.10	.95	.87	
Chemical.....	2.98	3.62	3.60	.88	1.86	1.03	.03	.08	.71	.09	.70	3.58	2.88	3.15	3.80	3.10	2.02	2.74	2.51	
Petroleum.....	5.57	0.10	0.04	1.00	1.35	1.18	2.00	1.29	1.23	1.34	1.07	3.76	3.78	3.47	3.70	4.04	3.00	3.60	3.80	
Public utilities.....	12.84	15.16	17.28	5.50	5.64	5.68	3.77	6.63	4.38	2.83	4.58	18.88	18.23	18.70	19.38	22.39	23.28	22.51	23.35	
Adjusted for Seasonal Variation																				
Manufacturing <sup>3</sup> .....				8.42	8.89	8.11	8.33	8.88	6.78	7.20	6.92	21.54	22.64	23.48	22.72	24.17	22.82	23.04	21.22	
Durable goods <sup>4</sup> .....				4.04	4.63	4.70	3.92	4.33	3.30	3.62	2.81	11.42	12.65	12.71	12.87	12.80	12.21	11.80	10.08	
Primary metals.....				.72	.09	1.00	.80	.61	.50	1.04	.89	4.10	4.65	4.24	4.08	3.87	3.08	3.93	3.48	
Electrical machinery.....				.80	.08	.80	.87	.78	.42	.40	.55	1.30	1.66	1.05	2.00	2.30	2.15	1.08	1.97	
Machinery except electrical.....				.80	1.47	.06	.93	.71	.69	.82	.81	1.00	1.74	1.70	1.60	1.01	1.01	1.80	1.83	
Transportation equipment <sup>4</sup> .....				.80	.73	.07	.47	.84	.15	.35	.28	2.88	2.92	2.63	2.03	2.51	2.50	2.38	2.23	
Stone, clay, and glass.....				.40	.28	.37	.10	.32	.12	.22	.16	.78	.70	.70	.70	.70	.62	.60	.43	
Nondurable goods <sup>5</sup> .....				4.39	4.30	4.32	4.41	4.23	3.37	3.74	4.01	10.12	10.59	10.77	11.06	11.27	10.61	10.25	10.25	
Food including beverage.....				.60	.00	.60	.80	.73	.60	.08	.69	1.22	1.52	1.54	1.05	1.61	1.50	1.44	1.33	
Textile.....				.15	.10	.14	.12	.31	.14	.10	.07	.30	.34	.30	.27	.33	.33	.28	.23	
Paper.....				.42	.31	.48	.30	.40	.28	.20	.64	1.17	1.09	1.18	1.14	1.20	1.08	.85	1.10	
Chemical.....				.89	.84	1.23	.70	.04	.65	.81	.83	2.58	2.60	3.12	3.02	3.13	2.81	2.78	2.73	
Petroleum.....				1.70	1.34	1.24	1.80	1.42	1.28	1.61	1.42	3.78	3.77	3.51	3.83	3.99	3.85	3.93	3.80	
Public utilities.....				3.70	2.09	4.71	3.94	3.95	4.64	3.65	4.91	17.37	17.37	19.21	20.20	21.12	22.77	22.96	24.45	

1. Starts are estimated by adding changes in carryover to expenditures during the given period.

2. Carryover refers to expenditures yet to be incurred on plant and equipment projects already underway at end of period.

3. Includes data not shown separately.

4. Includes guided missiles and space vehicles.

Notes: Details may not add to totals because of rounding.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

ing this year by the electric utilities will be for generating equipment; transmission and local distribution projects account for the bulk of the remainder.

Starts of new projects by utilities reached a record \$4.9 billion in the fourth quarter, and the carryover of funds yet to be expended increased \$1½ billion to \$24½ billion. This amount represents 7.2 quarters of expenditures at the fourth quarter rate—up from 6.9 quarters a year earlier.

Communications firms are also an element of strength in 1971, with expenditures expected to be up 10 percent from 1970. At this time last year, they expected a 15-percent rise for 1970; the actual rise turned out to be 22 percent—a situation exactly duplicating the 1969 experience. Expenditures are expected to decline a little in the second half from the first half rate.

The "commercial and other" group—trade, services, construction, finance and insurance—now expects a 4 percent increase in expenditures from 1970 to 1971, about equal to the rise last year. All component groups except retail trade and construction plan increases this year.

#### Transportation trends mixed

Railroads are planning a modest increase of 2½ percent to \$1.8 billion in 1971. Expenditures fell 4½ percent last year, even though the expectation reported at this time a year ago was for a 21-percent rise. The 1970 decline was in road expenditures; equipment expenditures rose 4 percent. For 1971, road expenditures are scheduled to increase more than 28 percent while

equipment investment is to be reduced moderately. The number of freight cars on order at the end of 1970 was only about three-fifths the number a year earlier.

Airlines plan a spending cut of 22 percent in 1971, following an increase of equal magnitude last year. The shift reflects in part the sharp deterioration in earnings in 1970, which has resulted in cutbacks or postponements in jumbo jet programs. Expenditures by other types of transportation companies show a reverse pattern to the airlines. These carriers expect a 13-percent rise this year, compared with a 27-percent decline last year. Pipelines and water transportation companies account for the projected 1971 rise in investment, while trucking firms accounted for the 1970 cutback.

Table 3.—Manufacturers' Evaluation of Their Capacity

(Percent distribution of gross capital assets)<sup>1</sup>

	1967	1968				1969				1970			
	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept. 30	Dec. 31
<b>More plant and equipment needed:</b>													
All manufacturing.....	43	40	41	45	47	48	43	44	46	44	42	41	40
Durable goods <sup>2</sup> .....	38	39	41	44	45	46	40	40	39	37	34	33	31
Primary metals.....	31	35	41	44	41	41	36	31	23	30	30	32	25
Metal fabricators <sup>3</sup> .....	43	47	44	48	52	40	50	47	43	41	36	36	33
Nondurable goods <sup>2</sup> .....	40	40	41	46	40	40	48	48	53	51	50	48	50
Food including beverage.....	42	39	41	49	54	40	49	44	47	40	44	44	40
Chemical.....	78	67	66	71	68	73	56	71	73	68	68	48	57
Petroleum.....	30	27	25	22	40	39	41	32	47	48	47	61	60
<b>About adequate:</b>													
All manufacturing.....	52	56	53	55	48	47	52	51	49	50	58	51	53
Durable goods <sup>2</sup> .....	56	53	50	49	48	47	53	53	53	53	60	56	51
Primary metals.....	53	50	44	41	45	44	40	54	52	54	54	51	73
Metal fabricators <sup>3</sup> .....	54	49	51	50	48	49	48	50	52	52	50	54	54
Nondurable goods <sup>2</sup> .....	40	48	50	52	48	48	51	40	44	47	48	49	45
Food including beverage.....	53	57	53	45	41	40	53	53	40	51	53	51	52
Chemical.....	20	31	33	37	40	25	43	27	26	32	31	54	40
Petroleum.....	50	72	70	67	60	60	58	57	53	52	53	30	40
<b>Existing plant and equipment exceeds needs:</b>													
All manufacturing.....	5	4	5	5	5	4	5	5	5	6	6	8	7
Durable goods <sup>2</sup> .....	7	6	0	5	7	7	7	7	8	10	10	12	8
Primary metals.....	19	15	16	15	14	15	16	15	15	10	10	17	2
Metal fabricators <sup>3</sup> .....	3	4	6	4	3	3	8	3	5	7	8	11	11
Nondurable goods <sup>2</sup> .....	2	2	3	3	3	3	3	3	3	2	3	4	6
Food including beverage.....	5	5	6	0	5	5	4	3	4	3	3	5	8
Chemical.....	2	2	2	2	2	3	1	2	1	1	1	1	2
Petroleum.....	1	1	1	1	1	1	1	1	0	0	0	0	0

1. According to respondent companies' characterizations of their plant and equipment facilities, taking into account their current and prospective uses for the next 12 months.

2. Includes industries not shown separately.

3. Includes machinery, transportation equipment, and fabricated metal industries.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.

Table 6.—Expenditures for New Plant and Equipment by U.S. Business, 1969-71

(Billions of dollars)

	Annual			Quarterly, unadjusted												Quarterly, seasonally adjusted annual rates											
	1960	1970	1971 <sup>1</sup>	1969				1970				1971				1969				1970				1971			
				I	II	III	IV	I	II	III	IV	I <sup>2</sup>	II <sup>2</sup>	2d half <sup>3</sup>	I	II	III	IV	I	II	III	IV	I <sup>2</sup>	II <sup>2</sup>	2d half <sup>3</sup>		
All industries.....	75.56	79.71	83.13	19.94	19.91	19.25	21.46	17.47	20.33	20.26	21.63	17.93	20.29	44.27	72.52	73.94	77.84	77.84	78.23	80.22	81.88	78.63	80.55	82.54	84.61		
Manufacturing industries.....	31.69	31.95	31.84	5.89	7.82	8.16	9.12	7.14	8.15	7.99	8.68	8.67	7.29	17.29	29.39	31.14	33.05	32.39	32.43	32.15	30.59	30.29	31.44	32.76			
Durable goods.....	15.94	15.89	15.49	3.26	3.98	4.03	4.69	3.39	4.05	3.97	4.25	3.21	3.25	8.33	15.47	15.98	16.53	15.88	16.40	16.32	15.74	14.62	14.47	14.45	15.79		
Primary metals <sup>4</sup> .....	3.23	3.24	2.90	.71	.81	.81	.90	.69	.78	.81	.95	.63	.70	1.51	3.37	2.31	2.20	2.09	2.39	3.15	3.21	3.21	3.81	3.85	2.78		
Glass, pottery, steel works.....	1.83	1.68	1.45	.41	.47	.45	.50	.35	.48	.42	.47	.30	.38	.78	1.68	1.91	1.80	1.70	1.72	1.73	1.87	1.60	1.48	1.53	1.49		
Nonferrous.....	1.10	1.24	1.08	.23	.27	.28	.32	.27	.28	.21	.30	.20	.27	.59	1.04	1.13	1.11	1.12	1.25	1.12	1.21	1.25	1.14	1.11	1.05		
Electrical machinery.....	2.03	2.27	2.38	.39	.60	.49	.64	.49	.50	.55	.68	.45	.59	1.28	1.98	2.04	2.02	2.15	2.25	2.27	2.28	2.27	2.12	2.29	2.27		
Machinery, except electrical.....	3.44	3.47	3.44	.72	.89	.86	1.01	.82	.90	.84	.88	.67	.85	1.88	3.23	3.34	3.59	3.50	3.62	3.50	3.52	3.12	2.97	3.51	3.51		
Transportation equipment <sup>5</sup> .....	3.78	2.83	2.38	.50	.60	.77	.71	.60	.69	.60	.55	.82	.58	1.28	2.76	2.73	3.00	2.60	3.74	2.71	3.20	2.04	2.37	2.53	2.23		
Motor vehicles.....	1.85	1.59	1.48	.34	.40	.44	.44	.38	.47	.41	.34	.84	.40	.82	1.57	1.55	1.78	1.67	1.70	1.85	1.54	1.26	1.53	1.57	1.67		
Aircraft <sup>6</sup> .....	.83	.64	.51	.18	.22	.23	.19	.14	.14	.12	.10	.12	.29	.69	.92	.92	.64	.67	.68	.48	.46	.46	.46	.48	.60		
Stems, clay and glass.....	1.97	.90	1.03	.23	.28	.27	.30	.24	.27	.22	.26	.22	.27	.54	1.93	1.11	1.14	1.01	1.08	1.06	.94	.92	.99	1.06	1.06		
Other durables <sup>7</sup> .....	3.44	3.41	3.40	.71	.86	.84	1.02	.76	.87	.84	.84	.71	.81	1.89	3.24	3.45	3.50	3.52	3.46	3.46	3.00	3.27	3.21	3.22	3.57		
Non-durable goods.....	15.72	18.19	16.45	3.22	3.54	4.12	4.43	3.95	4.57	4.12	4.40	3.46	4.03	8.95	14.02	15.36	16.32	16.39	16.95	18.11	16.49	16.65	15.42	15.38	17.04		
Food including beverages.....	2.50	2.84	2.95	.54	.64	.68	.78	.67	.74	.72	.71	.62	.67	1.67	2.45	2.88	2.89	2.86	3.00	2.90	2.90	2.79	2.77	2.84	3.24		
Textiles.....	.83	.86	.83	.13	.16	.17	.16	.12	.15	.14	.12	.13	.13	.29	.69	.63	.69	.61	.68	.57	.65	.63	.61	.49	.86		
Paper.....	1.58	1.55	1.41	.31	.40	.41	.45	.37	.43	.42	.45	.28	.24	.79	1.72	1.58	1.62	1.78	1.71	1.55	1.68	1.50	1.30	1.30	1.51		
Chemical.....	3.10	3.44	3.82	.67	.78	.78	.91	.76	.89	.87	.92	.82	.90	1.90	3.00	2.95	3.19	3.22	3.52	3.44	3.57	3.32	3.30	3.48	3.71		
Petroleum.....	5.63	6.52	6.05	1.12	1.32	1.48	1.63	1.14	1.38	1.45	1.65	1.10	1.48	3.28	5.64	6.41	6.06	5.98	5.15	5.95	5.70	5.83	5.49	6.12	6.11		
Rubber.....	1.00	.94	.78	.24	.25	.28	.28	.24	.25	.23	.22	.17	.20	.41	1.07	1.12	1.13	1.04	1.10	.98	.80	.80	.79	.80	.77		
Other non-durables <sup>8</sup> .....	1.10	1.11	1.21	.21	.27	.30	.30	.25	.29	.28	.31	.27	.32	.62	.94	1.11	1.24	1.00	1.18	1.00	1.10	1.15	1.24	1.27	1.18		
Nonmanufacturing industries.....	43.88	47.76	51.27	9.45	10.39	11.10	12.34	10.32	12.10	12.27	12.38	11.29	13.48	24.34	42.43	42.75	44.35	46.46	43.78	47.79	49.73	47.35	46.27	51.10	51.55		
Mining.....	1.80	1.89	1.90	.42	.46	.47	.49	.45	.47	.46	.46	.44	.46	.90	1.83	1.88	1.82	1.80	1.82	1.54	1.53	1.54	1.85	1.90	1.89		
Railroad.....	1.84	1.78	1.82	.38	.44	.46	.55	.42	.47	.46	.43	.35	.33	.92	1.68	1.76	2.00	1.94	1.74	1.86	1.66	1.50	1.52	1.11	1.79		
Air transportation.....	2.51	3.63	2.35	.08	.09	.53	.64	.73	.80	.74	.70	.45	.71	1.20	2.39	2.32	2.21	2.80	2.94	2.88	3.24	3.08	1.98	2.44	2.53		
Other transportation.....	1.86	1.22	1.20	.38	.40	.49	.44	.28	.31	.30	.33	.20	.36	.74	1.57	1.66	1.85	1.63	1.37	1.33	1.22	1.22	1.42	1.53	1.42		
Public utilities.....	11.61	12.14	16.44	2.36	2.90	3.03	3.23	2.84	3.28	3.55	3.74	3.27	3.39	8.27	11.62	11.88	11.48	11.86	12.14	12.72	15.34	13.89	15.53	15.12	15.57		
Electric.....	8.04	10.43	13.03	1.89	2.22	2.23	2.61	2.15	2.79	2.79	3.12	2.66	3.20	6.88	6.62	8.71	8.68	9.36	9.77	10.15	11.24	11.20	13.03	12.58	13.11		
Gas and other.....	2.67	2.40	2.40	.48	.77	.80	.62	.69	.69	.78	.63	.41	.51	1.39	2.80	2.97	2.80	2.44	2.37	2.57	2.50	2.48	2.49	2.58	2.45		
Communication.....	8.30	10.10	11.14	1.81	2.00	2.11	2.30	2.14	2.60	2.60	2.81	2.47	2.01	14.88	7.74	7.92	8.71	8.78	9.14	10.28	10.62	10.20	10.06	10.04	10.58		
Commercial and other <sup>9</sup> .....	16.53	15.09	17.22	3.41	3.97	4.07	4.50	3.76	4.20	4.10	4.42	3.67	3.01	14.88	15.08	15.07	15.78	16.07	16.63	18.08	17.00	16.97	16.06	16.04	16.58		

1. Excludes agricultural business; real estate operators; medical, legal, educational, and cultural services; and nonprofit organizations.

2. Estimates are based on expected capital expenditures reported by business in late January and February 1971. The estimates for the 1st quarter, 2d quarter and 2d half of 1971 have been corrected for systematic biases. The adjustment procedures are described in the February 1970 issue of the Survey of Current Business. Before such adjustments, 1971 expenditures were expected to be \$81.33 billion for all industries, \$31.71 billion for manufacturing, and \$49.62 for nonmanufacturing.

3. Includes data not shown separately.

4. Includes guided missiles and space vehicles.

5. Includes fabricated metal, lumber, furniture, instrument, ordnance, and miscellaneous except guided missiles and space vehicles.

6. Includes apparel, tobacco, leather, and printing-publishing.

7. Includes trade, service, construction, finance, and insurance.

Note.—Details may not add to totals because of rounding.

Sources: U.S. Department of Commerce, Office of Business Economics, and the Securities and Exchange Commission.